

THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979 (EXCERPT)
Act 300 of 1980

38.1381d Employment on or after September 4, 2012; election to participate in Tier 2; method of accepting elections; election period; member not making election considered as member of Tier 1; collection of employer and employee contributions.

Sec. 81d. (1) The retirement system shall permit each qualified participant who first becomes a qualified participant and first works for a reporting unit on or after September 4, 2012 to make an election to not become a member of Tier 1 and become only a qualified participant in Tier 2.

(2) The retirement system shall determine a method of accepting elections under subsection (1) and reporting units shall secure those elections during the period beginning on the date of the individual's employment and ending upon the expiration of 75 days from the individual's first payroll date. An election under subsection (1) is irrevocable.

(3) An individual who does not make an election for any reason on or before the close of the election period is considered to have made an election to become a member of Tier 1 and is subject to all of the following as of the date of his or her employment:

(a) He or she is eligible to accrue any service credit or qualify for any retirement allowance under Tier 1 under the terms as provided in section 81c.

(b) He or she is also a qualified participant under Tier 2.

(4) An individual who makes the election under subsection (1) on or before the close of the election period is considered to have made an election to not become a member of Tier 1 and is subject to all of the following as of the date of his or her employment:

(a) He or she is not eligible to accrue any service credit or qualify for any retirement allowance under Tier 1 under the terms as provided in section 81c.

(b) He or she is only a qualified participant under Tier 2.

(5) The retirement system shall collect from the individual all amounts required under sections 43a and 131(2) and shall collect all required employer contributions required under Tier 1 from his or her date of employment. If an individual makes a valid election under subsection (1) to not become a member of Tier 1, the retirement system shall determine and implement a method to reconcile employer and employee contributions to be deposited to Tier 2, and any such employee contributions will be considered to be elective contributions under section 131.

History: Add. 2012, Act 300, Imd. Eff. Sept. 4, 2012.

Compiler's note: Enacting section 2 of Act 300 of 2012 provides:

"Enacting section 2. (1) If the office of retirement services in the department of technology, management, and budget receives notification from the United States internal revenue service that any section or any portion of a section of this amendatory act will cause the retirement system to be disqualified for tax purposes under the internal revenue code, then the portion that will cause the disqualification does not apply.

"(2) The provisions of this amendatory act are severable. If any part of this amendatory act is declared invalid or unconstitutional, that declaration shall not affect the remaining part of this amendatory act."

Popular name: Act 300